Case Studies Relating to UMore Park

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Executive Summary

In order to better understand the best climate for attracting businesses to the University of Minnesota Outreach, Research, and Education Park (UMore Park) case studies were carried out on other successful planned communities. The communities were:

- Devens, Massachusetts
- Mesa Del Sol, New Mexico
- The Woodlands, Texas
- Tejon Ranch, California

These communities were chosen because of the similarities that they had with UMore Park. They are of varying ages, but all are much more developed than UMore Park currently is.

These case studies were conducted primarily through interviews with people involved, examination of scholarly reports, newspaper reports, and websites. Primary research was used most frequently, although secondary sources were extremely useful where available. Topics included in the analysis were the politics of the development, nature and plans of the developer, the permitting process, transportation, education, taxes and tax incentives, the community, the environment, and other areas which were important to the particular case.

Each of the cases had different results and findings from the various areas researched. The lessons learned created a list of best practices which fell into three main categories.

1. The developer needs to make it easy:
   - To gather information about the development.
   - To contact important people relating to the development.
   - To gain permits to operate and build.
   - To integrate into the community.
   - To appreciate the quality of life.

2. The community must be valuable, providing good quality for cost:
   - By keeping land inexpensive or free.
   - By making sure that wages are competitive.
   - By making sure that infrastructure is above standards.
   - By having lower taxes and different types of tax incentives.
   - By installing free trade zones to add value for importers.

3. The development must be accessible to businesses:
   - With heavy transportation and access to major airports and city centers.
   - With ready information for site selectors.
   - With a variety of building types and building options.
   - With flexible lot sizes.
   - With available housing.

There are many practices which UMore Park may adopt from looking at the results of each case study. Choosing the best development partner and bringing the development to market at a good time are the most important steps, though the cases provide little guidance. UMore Park has several years before it could become a viable community, but the steps to make it a success should begin now.
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Introduction

Creating a community from a blank slate is extremely difficult. Many steps that go into its creation, and success comes from the best choices in hundreds of decisions. Decisions should be made by the land owner and the developer based on experience and careful study. The University of Minnesota can examine the many planned communities developed around the country for experience and expertise.

UMore Park is a great asset to the University of Minnesota. In many ways the property is a unique opportunity for the University. No University has attempted this type of development before in the United States. There is no true model that the University of Minnesota can follow. As with most projects it is necessary to cherry pick the best practices from other projects that have similarities to UMore Park.

Economic Development is an important part of overall community development. The UMore Park development will ultimately house 20,000 to 30,000 people. This is not a small development for people who will be commuting to nearby jobs. UMore Park must create jobs in order to attract people to move there. To create jobs UMore Park needs to attract businesses. There are several definitions of economic development and business attraction that need to be explained for this study to be useful.

Traded Employers

One method of differentiating businesses is by separating them into traded and non-traded businesses. Traded businesses bring money and jobs into a community. These are businesses which trade with other people or businesses outside of the community. Some examples of traded businesses are: manufacturers, distributors, and design firms. Non-traded businesses are those which engage in internal trade within a community. These provide jobs to people within the community, but the profits usually flow out of the community. The best example of a non-traded business is a retail store. Minneapolis is the headquarters of Target Corporation (NYSE: TGT) and the Target headquarters provides many highly skilled and highly paid jobs, which are known as traded jobs. An individual Target store in Rosemont would hire individuals for the lower paid and low skill job, also known as a non-traded job.

<table>
<thead>
<tr>
<th>Traded vs. Non-Traded Jobs</th>
<th>Example: Target Corp.</th>
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<tbody>
<tr>
<td>Corporate</td>
<td>Retail Location</td>
</tr>
<tr>
<td>High Paid</td>
<td>Low Paid</td>
</tr>
<tr>
<td>High Skilled</td>
<td>Low Skilled</td>
</tr>
<tr>
<td>Traded</td>
<td>Non-Traded</td>
</tr>
</tbody>
</table>

Creating a community such as UMore Park needs a mix of both types of businesses and jobs. That mix is very difficult. Often retail companies are easier to attract when there is already a population in place. In Dakota County there is already a sizeable retail base near UMore Park. The population will need to
increase greatly in order to attract more of that type of business to UMore Park. Traded jobs are a much better base on which to build a community. The pay and skill level is usually higher and there is usually higher stability as people tend to stay at this type of job longer. This is where planning, research and development, and production occur. UMore Park needs to bring in high paying employers of skilled employees to build the community.

**Anchor Employer**

An anchor employer is a company which is large, and has room to grow. The idea of an anchor employer is similar to the development of a shopping mall. Malls usually have to attract three or four department stores before beginning construction; to ensure that there will be enough interest and foot traffic to attract the smaller companies that fill in the smaller shop spaces. The creation of UMore Park could follow this same process.

Small marketing, construction, or technology firms are important to the long term success of a development. This type of traded job will help to bring wealth and prosperity to the community. These businesses are usually more attracted to places that are booming and support services are needed. They are more interested in places where there is a large company that will consume services and provide legitimacy to the location. An anchor employer also provides a degree of stability because the development’s success is no longer attached directly to the local economy.

For successful economic development, UMore Park needs to attract one or two anchor employers which especially offer traded jobs. The best planning that UMore Park can do is to look at other examples of planned communities that engaged in economic development and try to mirror their successes and eliminate their failures.

**This Study**

During the summer of 2012 I performed four case studies on economic development in planned communities which are similar to the imagined future of UMore Park, including:

- DEVENS, MA: A former army base built into a business park run by a quasi-state development company.
- MESA DEL SOL, NM: A planned community on former UNM land near Albuquerque. Residential construction was delayed by the recession, 2008, but businesses have relocated there.
- THE WOODLANDS, TX: A large master planned town near Dallas. It has attracted residents and businesses, including several corporate headquarters, since beginning construction in 1974.
- TEJON RANCH, CA: A commerce center for distribution and production between the major ports of Los Angeles and Long Beach. It was part of a large ranch.

These developments provide a useful comparison because of their similarities to UMore Park:
### Figure 2: Comparison of Developments

<table>
<thead>
<tr>
<th>Development</th>
<th>UMORE PARK</th>
<th>DEVENS</th>
<th>MESA DEL SOL</th>
<th>THE WOODLANDS</th>
<th>TEJON RANCH</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Size:</strong></td>
<td>5,000 acres</td>
<td>4,400 acres</td>
<td>9,000 acres</td>
<td>27,000 acres</td>
<td>1,450/ 270,000 acres</td>
</tr>
<tr>
<td><strong>State:</strong></td>
<td>Minnesota</td>
<td>Massachusetts</td>
<td>New Mexico</td>
<td>Texas</td>
<td>California</td>
</tr>
<tr>
<td><strong>City:</strong></td>
<td>Rosemount/ Empire Township</td>
<td>Devens</td>
<td>Albuquerque</td>
<td>The Woodlands/ Unincorporated</td>
<td>Unincorporated Kern County</td>
</tr>
<tr>
<td><strong>Developer:</strong></td>
<td>?</td>
<td>MassDevelopment</td>
<td>Forest City Covington</td>
<td>Woodlands Development Corporation</td>
<td>Tejon Ranch</td>
</tr>
<tr>
<td><strong>Residents:</strong></td>
<td>0</td>
<td>200+</td>
<td>0</td>
<td>100,000+</td>
<td>0</td>
</tr>
<tr>
<td><strong>Year Established:</strong></td>
<td>?</td>
<td>1996</td>
<td>2006</td>
<td>1974</td>
<td></td>
</tr>
<tr>
<td><strong>Previous Owner:</strong></td>
<td>University of Minnesota</td>
<td>US Army</td>
<td>University of New Mexico</td>
<td>Various Timber Companies</td>
<td>Tejon Ranch</td>
</tr>
<tr>
<td><strong>Largest Employer:</strong></td>
<td>University of Minnesota</td>
<td>Bristol-Myers Squibb</td>
<td>Albuquerque Studios</td>
<td>Anadarko</td>
<td>IKEA</td>
</tr>
<tr>
<td><strong>Jobs:</strong></td>
<td>?</td>
<td>3,208</td>
<td>2,200</td>
<td>49,500</td>
<td>?</td>
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<tr>
<td><strong>Major Industry:</strong></td>
<td>Agriculture</td>
<td>Manufacturing, Distribution</td>
<td>Film</td>
<td>Corporate/Retail</td>
<td>Distribution</td>
</tr>
<tr>
<td><strong>Transportation:</strong></td>
<td>Highway 52</td>
<td>I-495 and I-190</td>
<td>I-70</td>
<td>I-45</td>
<td>I-5</td>
</tr>
<tr>
<td><strong>Proximity to International Airport:</strong></td>
<td>18 miles</td>
<td>45 miles</td>
<td>5.8 miles</td>
<td>23 miles</td>
<td>81 miles</td>
</tr>
<tr>
<td><strong>Proximity to Downtown:</strong></td>
<td>25 miles to Minneapolis</td>
<td>37 Miles to Boston</td>
<td>9 miles to Albuquerque</td>
<td>30 miles to Houston</td>
<td>37 miles to Bakersfield</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>75 miles to Los Angeles</td>
</tr>
<tr>
<td><strong>Educational opportunities:</strong></td>
<td>Dakota County Technical College, Affiliation with U of M</td>
<td>Onsite technical college with special training program</td>
<td>Affiliation with UNM</td>
<td>Houston Community College, Texas A&amp;M 4-yr degree program</td>
<td></td>
</tr>
<tr>
<td><strong>Environmental Concerns:</strong></td>
<td>Brownfield</td>
<td>Brownfield</td>
<td>Greenfield</td>
<td>Greenfield</td>
<td>Greenfield</td>
</tr>
</tbody>
</table>
The communities are spread around the country geographically, but that allows for interesting differences.

"Developers are essentially townmakers. The decisions we make are still being lived out"

-Geof Syphers of Syphers Consulting
Devens

BACKGROUND

Fort Devens started as an army base before World War I. It was created in a rural location by taking land from four adjacent towns in rural Massachusetts. The base was used as a muster site in WWI, WWII, Korea, and Vietnam. After Vietnam there was not a full division stationed there, but only smaller units. The base was realigned in the 1991 round of Base Realignment and Closures (BRAC). Most of the base was closed in 1996 and became the current site of Devens community. There is still some reserve training which occurs on the portion of the base which remains a military installation. Devens became a unique township in 1996.

Development of Devens began in 1998 with the creation of MassDevelopment. The focus of the development was industrial and commercial rather than residential. There is a limit of 244 housing units allowed in the development by commonwealth law. There is also extensive investment in recreation, with a highly touted golf course, baseball diamonds, and lacrosse fields.

Companies began to locate in Devens soon after it opened. The first big companies to move to Devens and construct facilities were Gillette Razor’s distribution warehouse and Evergreen Solar’s solar panel manufacturing. Both companies received tax incentives to move to Devens, these were negotiated with MassDevelopment. Neither company is still located in Devens; Gillette left after being purchased by Proctor and Gamble, and Evergreen Solar failed because of competition from China. Both of the buildings constructed by the companies are now filled with new owners, who did not have tax incentives to locate in Devens. Gillette and Evergreen Solar were early successes that contributed to the long term success of Devens.
Small local companies were early to move to Devens. Some smaller companies were initially located in a single business incubator building. This was eventually deemed ineffective and MassDevelopment abandoned the idea, so they moved their headquarters to the former small business incubator building. The small firms did not leave, but they did not interact very much. Many of the small firms that locate in Devens do business with companies outside of the development and their proximity within the development was not necessary. There is currently a push within Devens to attract startups to 94 Jackson, but Devens is struggling to compete with Boston and Cambridge for startup companies and venture capital.

Devens has been built up over time and become a destination for business and recreation. Devens has changed significantly from the days when it was an army base. It has been much more successful than other BRAC bases which were closed or realigned at the same time. Much of the success is because of the systematic way in which MassDevelopment has approached economic development.

METHODOLOGY

Primary research was conducted by calling businesses in Devens. The businesses were those which appeared to fit the role of traded businesses, focusing especially on anchor businesses. These are the companies that would create jobs and attract people to live in the community according to the model in
the introduction. Ten companies participated in phone interviews. There were extensive interviews with MassDevelopment and the Nashoda Chamber of Commerce. Some best practices arose from these conversations. Websites were the most common source for preliminary research.

Secondary research utilized the writings by the State of Massachusetts and the University of Massachusetts. These were most useful for data collection and quantitative information.

CHARACTERISTICS

Devens is 4,400 acres. Most of that land is usable for development and building. There is no major natural impairment on development, from topography or soil. Devens is located on the urban-rural fringe, about 40 miles from Boston. The trip can be driven in about an hour and it is a reverse commute for people who live near Boston and commute to Devens. There are people who live in the towns surrounding Devens who commute to Boston, some using the commuter railroad. There is commercial rail access to Devens, although it seems to be little used. Devens is in an ongoing battle against the perception that it is a rural location.

There are 95 establishments in Devens. They fall into the categories of Government, Nonprofit, and Private Sector.

Private sector establishments are by far the most prevalent. This demonstrates that Devens has attracted private business well as it is not a community where success is linked to government funding.

Businesses in Devens employ 3,208 people. This is impressive because directly following the base closure in 1996 the number was effectively zero. Nearly 7,000 private citizens lost their jobs when the base realigned in 1996.
Devens has attracted higher paying jobs on average than the rest of Massachusetts ($68,794 versus $57,799). This demonstrates the quality of the work done by MassDevelopment and Devens. The companies that locate in Devens are not there for a lower price of labor, but instead look at other qualities of the site.

There are around 100 residences in Devens. The legislative mandate limits the number of homes which can be constructed on the site to 244. Devens is not considered a residential development; it was not designed as such because of pressure from the surrounding towns where the housing stock was considered sufficient at the time. There are two hotels (Spring Hill Suites by Marriott with 121 rooms and Hilton Garden Inn with 118 rooms) in Devens that provide excellent accommodation for people in for business or recreation.

In Devens taxes are set and collected by MassDevelopment. There is no representation of residents in the decision although they can speak to the board which meets in Devens once a year. The current tax rates are Residential: $15.04 per $1,000 and Commercial: $17.12 per $1,000. These municipal rates are lower than most townships in Massachusetts.

MassDevelopment invested heavily in infrastructure which has been well received by the businesses. The infrastructure left from the base was largely inadequate for business needs. Devens was in a position to offer similar prices on warehousing and manufacturing spaces as Lowell and Worcester. In Devens the infrastructure is new, compared to those older manufacturing towns.

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1 Donahue Report
where infrastructure is 50-80 years old.

Devens has many of the services of a town. They have firemen and police officers who are employees of MassDevelopment. There is strife about the future of Devens between the surrounding towns, but there is cohesion with public services. A newly consolidated 911 call center opened in Devens to serve all of the surrounding communities but employs people in Devens. Devens has its own zip-code, 01434 and provides services to the companies located there which makes it a distinct entity from the surrounding townships.

POLITICS

There is currently some conflict in the area of Devens about the town’s future. A major advantage that Devens has been able to turn into a success is its situation as the only unincorporated township in the commonwealth of Massachusetts. The land was taken from 4 towns before World War I; Ayer, Harvard, Shirley, and Lancaster. MassDevelopment was initially seen as a savior after the base closed and the land was empty. The decision must be made by 2033 what the fate of Devens will be: the development could standalone as an independent township, it could be incorporated into one of the surrounding town, or it could split among the different townships. The fate of Devens’ independence will greatly affect the future of businesses there and the long term success of the development.

The companies that are located in Devens moved there for a number of specific reasons. In order to attract companies to UMore Park it is useful to look at the reasons that companies that located in Devens.

DEVELOPER

The ongoing development of Devens is done by MassDevelopment, a quasi-state agency. MassDevelopment is part of what makes Devens unique. It was created by the legislature in 1998 by merging of Massachusetts Government Land Bank and Massachusetts Industrial Finance Agency. Mass Development operates as a separate entity from the Commonwealth of Massachusetts. It is run by a board separately from the legislature. The board is entirely appointed by the governor, currently Deval Patrick. Initially the Massachusetts legislature granted the company extensive rights to administer Devens as a separate entity and $200 million to develop the site. Most of that money has been spent in the past fourteen years on environmental remediation and infrastructure improvements. MassDevelopment is acting as unelected government to the only unincorporated township in Massachusetts; allowing them significant discretion when setting taxes and make decisions.

MassDevelopment has been able to attract a variety of companies to Devens over time. The breakdown of companies in Devens is very different from the rest of Massachusetts: 13.4 % more manufacturing jobs than the commonwealth, 7.9% more public administration, 6.4% transportation and warehousing,
4.6% more educational, and 3.6% more scientific and technical establishments.\textsuperscript{2} This is a beneficial distribution of industries because these are industries which tend to have a greater impact on the community per dollar of revenue. Devens is succeeding at attracting traded businesses. The industries that are very underrepresented in Devens compared to the rest of Massachusetts are; “retail (1.1 percent in Devens vs. 10.9 percent in Massachusetts) and construction (1.1 percent vs. 9.2 percent).”\textsuperscript{3} Currently there are 95 establishments in Devens and they are still engaging active development.

PERMITTING

The greatest advantage of Devens is its speedy permitting process. Red tape and Government interference are costs that businesses would prefer not to pay. This is especially important in recruiting large companies to Devens because they greatly appreciate the speed of Devens’ permitting. The permitting is done by the Devens Enterprise Commission. Their website highlights a promise:

\textbf{Figure 7: Mission Statement of Devens Enterprise Commission}

The Devens community has been carefully planned to create a work environment where corporate residents draw strength from each other and prosper from their surroundings. From mature corporations to start-ups, satellite locations to headquarters, Devens offers 8 million square feet of space. In addition, a single board comprised of 12 local people manages development permitting at Devens. All applications are acted on in less than 75 days; many are completed in only 45 days. No other park can match the project flexibility and approval speed that Devens has to offer.

\textbf{Source: www.devenssc.com}

The enterprise commission goes through an eleven step process very quickly. The process is accomplished while still respecting the 30 day waiting periods which are required so that adjacent owners, surrounding communities and other stakeholders can comment. The permitting is done in conjunction with MassDevelopment. Mark Sternman, Vice President of Communication and Policy for MassDevelopment, gave a lot of credit to the permitting process as a huge advantage, “It is something that we do well, and the other townships do poorly, so the difference is huge.”

\textsuperscript{2} Donahue Report
\textsuperscript{3} Donahue Report
Bristol-Myers Squibb is a huge company (134th on the Fortune 500), when they wanted to make a major investment ($760 million) in a new production plant in Devens the permitting was approved quickly. It took only 49 days, unheard of in Massachusetts, a commonwealth that it is notorious for its bureaucracy. The importance of an efficient and transparent permitting process cannot be understated. Large companies looking to make an investment are attracted to the ease of doing business in Devens.

**TAXES**

Businesses contribute to the wellbeing of the community because they create prosperity by spending on goods, services, and wages. The companies and their employees also pay taxes. The tax rate on business profits is competitive in Devens compared to the nearby towns. This makes Devens an attractive location from a tax perspective to companies in the area.

**Figure 8: Corporate Tax Rate of Surrounding Townships**

<table>
<thead>
<tr>
<th>Business Profit Tax Rate</th>
<th>Surrounding Townships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Town</td>
<td>Rate (most recent year available)</td>
</tr>
<tr>
<td>Ayer ('08)</td>
<td>25.54</td>
</tr>
<tr>
<td>Devens ('10)</td>
<td>17.12</td>
</tr>
<tr>
<td>Harvard ('08)</td>
<td>14.33</td>
</tr>
<tr>
<td>Shirley ('10)</td>
<td>12.31</td>
</tr>
</tbody>
</table>

Rate is $ per $1000

Source: Municipal Financial Data 41st Edition: Massachusetts Tax Payers Foundation, December 2011; Devens Community Board of Assessors 2012

The community at Devens has an advantage in attracting major businesses from around the commonwealth from a tax perspective when the Devens rates are compared with the rates of the major cities in Massachusetts.

**Figure 9: Corporate Tax of Major Urban Centers in Massachusetts**

<table>
<thead>
<tr>
<th>Business Profit Tax Rate</th>
<th>Major Urban Centers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Town</td>
<td>Rate (most recent year available)</td>
</tr>
<tr>
<td>Boston ('10)</td>
<td>29.38</td>
</tr>
<tr>
<td>Cambridge ('10)</td>
<td>18.75</td>
</tr>
<tr>
<td>Devens ('10)</td>
<td>17.12</td>
</tr>
<tr>
<td>Lowell ('10)</td>
<td>27.46</td>
</tr>
<tr>
<td>Worcester ('10)</td>
<td>33.28</td>
</tr>
</tbody>
</table>

Rate is $ per $1000

Source: Municipal Financial Data 41st Edition: Massachusetts Tax Payers Foundation, December 2011; Devens Community Board of Assessors 2012

Devens tax rates are structured differently from other townships because it is unincorporated. This creates a lack of transparency and businesses considering a move may not understand the tax ramifications of a move to this locality. This is a bad practice that should not be replicated.
Devens does not have an advantage in residential tax rates. In fact the residential rate is higher. This is less important for Devens because of the extremely limited number of houses in the new community.

Figure 10: Residential Tax Rates of Towns in Massachusetts

<table>
<thead>
<tr>
<th>Town</th>
<th>Rate (most recent year available)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ayer (08)</td>
<td>11.49</td>
</tr>
<tr>
<td>Boston (10)</td>
<td>11.88</td>
</tr>
<tr>
<td>Cambridge (10)</td>
<td>7.72</td>
</tr>
<tr>
<td>Devens (10)</td>
<td>15.04</td>
</tr>
<tr>
<td>Harvard (08)</td>
<td>14.33</td>
</tr>
<tr>
<td>Lowell (10)</td>
<td>13.27</td>
</tr>
<tr>
<td>Shirley (10)</td>
<td>12.31</td>
</tr>
<tr>
<td>Worcester (10)</td>
<td>15.15</td>
</tr>
</tbody>
</table>

Rate is $ per $1000

Source: Municipal Financial Data 41st Edition: Massachusetts Tax Payers Foundation, December 2011; Devens Community Board of Assessors 2012

TAX INCENTIVES

Taxes are just one of many factors that influence a company’s choice of location. Many larger companies have been able to negotiate tax breaks to move to a community. Tax incentives were used as one of the most effective method for bringing some of the largest businesses to Devens. This method is being used in Devens for only three companies: Bristol-Myer Squibb, MagneMotion, Massachusetts Studios. Tax incentives receive significant attention, but many other factors are important such as the permitting process. The tax incentives usually take the form of breaks in income taxes or property taxes that the company has to pay. There is no set standard, each case is reviewed independently.

Devens is a free trade zone. That is important to foreign companies because they do not have to pay customs on parts that are going to the development. This also makes the development more attractive to companies which import the components of finished goods from abroad.
Figure 11: Definition of Free Trade Zone

A foreign-trade zone is a designated location in the United States where companies can use special procedures that help encourage U.S. activity and value added – in competition with foreign alternatives – by allowing delayed or reduced duty payments on foreign merchandise, as well as other savings.

Source: Import Administration; ia.ita.doc.gov/

Companies that are importing goods can pay customs once the items move out of Devens. This is important because it lowers inventory costs for distributors and increases the likelihood of products being assembled in the United States and not in the country of origin. There are also logistical advantages because the items go through customs at the free trade zone not the crowded port or border crossing.

COMMUNITY

Devens doesn’t have the name alterity, but it is a growing and happening place. Many of the businesses moved there for this reason. The owner of Media Power, a marketing firm located in Devens, said that she was worried about moving out of Boston because of the perception that her customers would have.

Lacrosse Tournament in Devens

Devens is actually 10 miles further from Boston than she wanted, but she was willing because it is its own destination. The further location with name appeal was preferable to an address off a county road.

Devens is a destination for recreation. There are many sports fields and tournaments for all ages are held in Devens. This makes people aware of Devens and comfortable with it. Businesses are attracted to places where their owners and employees want to be. Smaller

Source: assets.ngin.com/attachments/photo/0219/9531/
firms may not carry out the extensive research on possible locations that a company like Bristol-Myer Squibb does. Their search may be limited to places that the owners or managers already know about. Devens didn’t have to advertise or seek business owners because many were already coming to the community to watch their children’s sporting events and tournaments.

TRANSPORTATION

Figure 12: Devens Designated/Preferred Truck Routes

Transportation is important to Devens and the businesses there. Trucks are the main means of moving manufactured materials. Devens is adjacent to State Highway 2 and within 10 miles of interstates 495 and 190 which provide access to all of New England. Devens is far enough from the city that land prices are much lower, but it is not so far removed that it is rural.

The location of Devens also removes it from the congestion and restrictions of Boston. In order to insulate
the community from the noise and mess associated with heavy trucking the companies that rely on the trucking are located together. There is a separate truck entrance to Devens. This protects the community and eases the process for the large manufacturers that are the backbone on Devens’ economy.

There is easy commuter travel to Devens. The commute from Boston is under an hour by car which is not bad for the area. There is also commuter rail that comes close to the entrance of Devens, although it doesn’t come directly onto the property.

LAND AVAILABILITY

Devens has a significant amount of good land available, which is enticing for many businesses. Odic, a high-tech electronics company, relocated to Devens in the late 1990’s. The owner said that the opportunity to move into a new location that they could own affordably was enticing. They had been leasing in Cambridge, MA and had grown to the point where they were ready to purchase a building. MassDevelopment can also provide loan guarantees to assist businesses in buying land or constructing new buildings.

Figure 13: Zoning Plan for Devens, MA

Source: www.devenscommunity.com
With land still available, businesses continue to move to Devens. Some companies, Bristol-Myer Squibb and Ryerson, built production facilities in Devens and have options on more land in the future. Other companies have moved within Devens. IPT, a maker of medical machine parts located in Devens, needed more space because it was growing. IPT retrofitted the Devens gymnasium into a large workspace. This was accomplished with planning help from MassDevelopment.

STATISTICS

It is possible to make some comparisons between the community of Devens and the area around UMore Park. Dakota County is much smaller in population and number of establishments than Devens is. The most telling statistic that is collected by the Bureau of Labor Statistics is average annual wages, which is useful because it provides some insight into the levels of education and skills of the population. If the assumption is that people’s wages accurately reflects their skills and importance to the company, it is indicative to compare the county pay to the state pay in a percentage because that helps to control for the cost of living. The industries are separated by NCIS code. The data follows:

**Figure 14: Industry Breakdown of Massachusetts and Middlesex County**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total, all industries</td>
<td>68859</td>
<td>68359</td>
<td>62024</td>
<td>62224</td>
<td>69499</td>
<td>72402</td>
<td>118.88%</td>
<td>119.00%</td>
<td>120.41%</td>
</tr>
<tr>
<td>Goods producing</td>
<td>69626</td>
<td>70652</td>
<td>72813</td>
<td>82087</td>
<td>84435</td>
<td>90233</td>
<td>123.21%</td>
<td>124.82%</td>
<td>123.92%</td>
</tr>
<tr>
<td>Natural resources and mining</td>
<td>47452</td>
<td>48586</td>
<td>54273</td>
<td>57649</td>
<td>58734</td>
<td>60794</td>
<td>121.41%</td>
<td>116.77%</td>
<td>112.02%</td>
</tr>
<tr>
<td>Construction</td>
<td>61821</td>
<td>62133</td>
<td>63229</td>
<td>65248</td>
<td>64407</td>
<td>65510</td>
<td>105.64%</td>
<td>103.66%</td>
<td>103.81%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>69263</td>
<td>76202</td>
<td>77562</td>
<td>88767</td>
<td>97809</td>
<td>100447</td>
<td>128.16%</td>
<td>130.19%</td>
<td>129.51%</td>
</tr>
<tr>
<td>Service providing</td>
<td>55051</td>
<td>56407</td>
<td>55251</td>
<td>63544</td>
<td>66219</td>
<td>69450</td>
<td>115.06%</td>
<td>117.40%</td>
<td>119.24%</td>
</tr>
<tr>
<td>Trade, transportation, and utilities</td>
<td>42350</td>
<td>42702</td>
<td>43592</td>
<td>48660</td>
<td>48364</td>
<td>49888</td>
<td>114.88%</td>
<td>113.24%</td>
<td>114.44%</td>
</tr>
<tr>
<td>Information</td>
<td>84736</td>
<td>92110</td>
<td>95939</td>
<td>103728</td>
<td>118691</td>
<td>121822</td>
<td>122.41%</td>
<td>125.99%</td>
<td>126.98%</td>
</tr>
<tr>
<td>Financial activities</td>
<td>100518</td>
<td>104832</td>
<td>109433</td>
<td>74667</td>
<td>82186</td>
<td>87412</td>
<td>74.18%</td>
<td>78.40%</td>
<td>79.88%</td>
</tr>
<tr>
<td>Professional and business services</td>
<td>77897</td>
<td>80372</td>
<td>84644</td>
<td>92501</td>
<td>94643</td>
<td>100210</td>
<td>119.76%</td>
<td>118.13%</td>
<td>120.52%</td>
</tr>
<tr>
<td>Education and health services</td>
<td>51278</td>
<td>52791</td>
<td>53761</td>
<td>52923</td>
<td>55304</td>
<td>56259</td>
<td>102.62%</td>
<td>104.76%</td>
<td>104.85%</td>
</tr>
<tr>
<td>Leisure and hospitality services</td>
<td>21483</td>
<td>21743</td>
<td>22039</td>
<td>20966</td>
<td>20679</td>
<td>20963</td>
<td>99.29%</td>
<td>95.11%</td>
<td>95.09%</td>
</tr>
<tr>
<td>Other services</td>
<td>28130</td>
<td>27629</td>
<td>28235</td>
<td>32992</td>
<td>32769</td>
<td>33764</td>
<td>117.28%</td>
<td>119.03%</td>
<td>119.58%</td>
</tr>
</tbody>
</table>

On the whole the county of Middlesex, MA has residents who make above average pay and above average skills and education. Dakota County, MN is very different:

Figure 15: Industry Breakdown of Minnesota and Dakota County

<table>
<thead>
<tr>
<th></th>
<th>MN STATE Annual</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total, all industries</td>
<td>45263</td>
<td>49964</td>
<td>48076</td>
<td>44066</td>
<td>44944</td>
<td>46822</td>
</tr>
<tr>
<td>Goods producing</td>
<td>52327</td>
<td>54329</td>
<td>55692</td>
<td>55861</td>
<td>57555</td>
<td>56495</td>
</tr>
<tr>
<td>Natural resources and mining</td>
<td>35334</td>
<td>38905</td>
<td>41623</td>
<td>27843</td>
<td>27763</td>
<td>31284</td>
</tr>
<tr>
<td>Construction</td>
<td>52287</td>
<td>51895</td>
<td>53447</td>
<td>56970</td>
<td>56272</td>
<td>60061</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>53605</td>
<td>55328</td>
<td>57649</td>
<td>55516</td>
<td>58768</td>
<td>59149</td>
</tr>
<tr>
<td>Service providing</td>
<td>43600</td>
<td>45322</td>
<td>46329</td>
<td>41480</td>
<td>42262</td>
<td>43124</td>
</tr>
<tr>
<td>Trade, transportation, and utilities</td>
<td>36039</td>
<td>40197</td>
<td>41365</td>
<td>36834</td>
<td>40763</td>
<td>42094</td>
</tr>
<tr>
<td>Information</td>
<td>60137</td>
<td>62199</td>
<td>66170</td>
<td>68603</td>
<td>70751</td>
<td>74870</td>
</tr>
<tr>
<td>Financial activities</td>
<td>68225</td>
<td>70964</td>
<td>74967</td>
<td>59204</td>
<td>63865</td>
<td>64540</td>
</tr>
<tr>
<td>Professional and business services</td>
<td>62262</td>
<td>66022</td>
<td>66071</td>
<td>56973</td>
<td>58052</td>
<td>67066</td>
</tr>
<tr>
<td>Education and health services</td>
<td>41898</td>
<td>42972</td>
<td>43102</td>
<td>35268</td>
<td>34807</td>
<td>35773</td>
</tr>
<tr>
<td>Leisure and hospitality Other services</td>
<td>16192</td>
<td>16899</td>
<td>17251</td>
<td>14346</td>
<td>14589</td>
<td>16041</td>
</tr>
</tbody>
</table>


There are two NCIS categories where the two counties are comparable; information and financial services. In information the two counties make significantly more money than the state average. Financial services both counties make around 80% of the state average. In both counties these two categories make up a similar percentage of the state’s overall establishments, so they are not being paid more or less because there only a few establishments. This is a good description of what types of businesses the county may be primed to attract using some of the same methods as Devens. UMore Park may want to attract businesses in information services as that seems to be an area where Dakota can thrive. The information industry should be focused on and financial services industry avoided because of low wages and skills in the locations.

EDUCATION

There is a community college in Devens and one of the main attractions is the educated workforce. Boston has the sixth most educated workforce in the country according to The New York Times article, "Cities with the Most College Educated Residents" (published May 30, 2012). Companies that need skilled employees are attracted to the area. Devens is far enough away from the city that the labor is cheaper,
but some of the advantages are still present. There is some collaboration between University of Massachusetts, Devens, and MassDevelopment.

ENVIRONMENT

Devens was used as an army base for many years, and the land in Devens is not a pristine Greenfield development. There is some contamination in areas that needs to be remediated. The majority of the two hundred million dollars that MassDevelopment received from the state of Massachusetts was used in environmental remediation. MassDevelopment is attempting to hold the Federal Government responsible for the restoration of the environment in Devens but the issue is ongoing. There are also problems with unexploded ordinances in Devens. When people move in to the homes they have to sign a waiver and review information on unexploded ordinances which may still exist. The environmental problems were expected to be a huge detriment to bring in businesses and residences, but the comfort that people have to come and participate in recreational activities is believed by members of MassDevelopment to be a major reason that there have been many businesses that move to Devens.

ANALYSIS

Devens, Massachusetts has turned into a thriving community in part based on the economic development that has brought businesses there. The lack of housing makes business attraction even more important. Many of Devens’ advantages come from the unique structure of the government there, but there are also some advantages that are more easily replicated.

The governance of MassDevelopment has been essential to Devens. They have provided a unified vision for the future of the development. They have also applied a professional full-time staff to govern the community. Unlike the surrounding communities which have part-time town governments, Devens has MassDevelopment’s professional staff working full time. MassDevelopment also was able to use its unique situation to set the pace of permitting and create competitive taxes. MassDevelopment’s ability to engage in bond assurance and tax deferrals is something outside of the prerogative of the normal developer. If it is possible to replicate the processes at UMore Park it could create a better environment.

UMore Park has already begun the process of getting people to come to the property, but the more time that people spend at UMore Park the less they will think of the environmental problems. Clustering businesses around their transportation needs with good proximity to roads is also something that should happen at UMore Park. It would be good if there is a combination of land for sale to businesses and land for lease, so that businesses have the opportunity to grow and expand.
Recreation at Devens

Source: www.berecruited.com
Mesa Del Sol

BACKGROUND

Mesa Del Sol is a 9,000 acre property. It is designed to be a master planned community that will be constructed over the next 35-40 years. The land is primarily desert scrubland. The property has been held by the New Mexico State Land Office after it was granted to them in the 1800’s as part of the creation of land-grant universities that began with the Morrill Act of 1890. The land has been held for the benefit of the University of New Mexico.

The property was originally 12,900 acres, but 3,900 acres are reserved for environmental protection. The project will be developed by Forest City, a real estate developer, and Covington Capital, a creative real estate investment group. They have created a limited liability corporation for the project, Forest City Covington NM LLC. The final plan will include 37,500 homes and nearly 100,000 people will live there. There is also a goal to have nearly 18 million square feet of retail space and many new businesses to provide jobs.

The project experienced great difficulty in the early stages of development because it was launched as the U.S. economy went into steep decline in 2008. The original plan called for the community to be based initially on residential communities. Once a critical mass of residents was reached a business park would open to bring more companies to Mesa Del Sol. The decline in the housing market caused the developer to put the residential housing on hold. The first completed home closed in July 2012. There are still no residents, but the first 20 homes were complete or nearing completion in July 2012.

The focus shifted to bringing in business to give life to the development, by necessity. This plan worked better and there are several businesses in Mesa Del Sol. The first two industries to move there were film and solar panel construction. The solar panel...
construction provided strong employment for several years until China undercut the market for solar panels. Schott Solar is stopping all solar panel construction in the United States. There are 2,200 people employed in Mesa Del Sol in July 2012, prior to Schott Solars closing. None of them are residents.

Mesa Del Sol is a 10 minute drive from the International airport and 20 minutes from downtown Albuquerque. According to Nancy in the Mesa Del Sol information center, it is easier to get to the Albuquerque International Airport than a grocery store from the development which is expected to be attractive.

METHODOLOGY

Primary research was done in conversation with the developer and several people who were in charge of planning for the business needs of the community. Interviews with local reporters were also useful. Websites were the most common source for preliminary research. The businesses located in Mesa Del Sol did not respond to requests for interviews.

Secondary research used information issued by the state. There was also useful information in reports published by the University of Michigan and the Aerospace Industries Association.

CHARACTERISTICS

Mesa Del Sol has some similarities to UMore Park. They are both large properties which are being developed in conjunction with the state and the University. There is a similarity in that both developments will provide a mix of residential land and business and office space. Mesa Del Sol will ultimately have over 18 million square feet of office space. Mesa Del Sol is a clean property with regard to environmental remediation, but it does not have any valuable resources, such as the gravel below UMore Park. Mesa Del Sol can advertise its proximity to the international airport similarly to UMore Park. There is good interstate access at Mesa Del Sol and a smaller road, University Avenue, which connects with downtown directly. Mesa Del Sol does not currently have any retail, and nearly no eating establishments, though an expansion of amenities is planned. The development must follow the zoning, permitting, and tax structures designed by the city of Albuquerque just as UMore Park must abide by the laws of the City of Rosemount and Empire Township. The growth of the development has been very slow up to this point but is expected to accelerate. Currently there are 1.1 million square feet of completed commercial space and 2,200 people work in Mesa Del Sol. There are worries about
the long term viability of the project. The economic situation in Albuquerque is not improving as of July 2012. Mesa Del Sol’s difficulties are straining the developer and worrying the city.

POLITICS

The state of New Mexico has historically not had the ability to offer tax incentives to companies to entice them to move to New Mexico. Forest City has spent extensive time and money lobbying to State Legislature to allow new forms of tax incentives. There is a set goal of what they will lobby the legislature for not a plethora of needed changes. In 2011 Forest City and Mesa Del Sol successfully got a limit put on tax permit for consumables which includes infrastructure and city services. The property is designated as a tax improvement district within the City of Albuquerque.

The connection between the State Legislator and Mesa Del Sol is important because of State law, but the relationship with the city of Albuquerque is even more important. The development is located within Albuquerque so any growth requires an expansion in city services; water, fire, police, roads, and others. The growth of Mesa Del Sol will also bring a greater tax base to the city of Albuquerque. The developer and the city continue to work closely on the project.

DEVELOPERS

Mesa Del Sol is being developed by Forest City Covington NM LLC. They are the developer behind many large real estate projects around the country. Forest City is a publicly traded company based in Cleveland, OH. They develop large plots of land in an entirely integrated way including Stapleton in Denver, CO. The company is currently working on projects in nineteen states. The developer brings extensive capital and experience to the project. The first priority of Forest City is to create an economically sustainable community according to Emerick Corsi, Executive Vice President of Business Development at Forest City.

Covington Capital is the capital partner behind the project. This is a company which carries out creative land deals and contracts on projects which appear unattractive, and are successful in part because of the extreme care with which they structure their deals. Covington Capital is willing to take on risky projects like Mesa Del Sol.

There are also several house builders in Mesa Del Sol. These companies are building the residential units. The three residential builders are: Polte, Rachel Mathew, and Ray Lee.

PERMITTING

Mesa Del Sol has close ties with the local government of Albuquerque. When there are permitting issues which need to be addressed Forest City keeps a list of all the permitting requirements necessary, and deadlines.
Permitting can be done efficiently although there is no single streamlined process. When a large employer comes all parties gather to negotiate deadlines, including the company, the developer, the city and often times the mayor. The process is closely integrated between the city and the developer when there is large company at stake.

Typically the plan is to set up a schedule early and to be very methodical. When the company decides that they want to buy land or move the dates they are realistic and aggressive. The timeline has two options, with the aggressive dates suggesting a greater cost. The economic developer for Forest City did not indicate what those additional costs would be.

Figure 18: Master Community Plan for Mesa Del Sol

Source: www.mesadelsolnm.com

TAX INCENTIVES

Tax incentives from the state are used to bring companies to Mesa Del Sol. They include manufacturing consumable credits and others. According to Chris Anderson of Forest City, the tax incentives can be the determining factor between two very similar locations in different states. Tax incentives are also very complicated. Forest City keeps a list of the tax incentives that the state offers, but the actual discussion is done with the state. One tax incentive that has been very important to Mesa Del Sol is related to the film industry. There are many movies filmed in New Mexico because of the extremely favorable tax climate for the industry.
Mesa Del Sol is classified as a tax improvement district (TID). The developer is responsible for installing the infrastructure to the city’s standard in exchange they receive a pass on most taxes. This is an incentive for the developer to put in good infrastructure.

MARKETING

**Movie Posters for Movies filmed in Mesa Del Sol**

New Mexico has a growing film industry, so movies have been used to inform people about the development. The desert location has been used as a post-apocalyptic wasteland. In 2009 *The Book of Eli* was filmed primarily in Mesa Del Sol. There is a major movie studio in the development, Albuquerque Studios. One of the main requirements of Forest City is that Mesa Del Sol has a credit in addition to Albuquerque Studios when the property is the location of the filming. Currently *The Lone Ranger* is being filmed in Mesa Del Sol, it is due to be released in 2013. There is sufficient land so movies can be filmed there without interfering with the construction of houses or businesses. The long term plan for Mesa Del Sol includes the film industry, but will not be a filming destination for post-apocalyptic movies. The movies can also be a catch for the developer in selling houses and bringing in businesses. Companies in the film industry, such as the Reelz premium movie channel, like to be associated with filming locations.

**Source: www.imdb.com**

TARGET INDUSTRIES

One of the strategies that Mesa Del Sol used to bring in business was to actively reach out to major industries. The top three growth industries in New Mexico were identified as solar energy, film, and healthcare. Then Forest City contacted the CEO’s of the top companies in those industries in the state and nation. The strengths of the new location were highlighted for each of the industries.
There has been good success with the film industry. Mesa Del Sol has been able to leverage its connection to the University of New Mexico’s College of Fine Arts. The Interdisciplinary Film and Digital Media facility is in the Aperture building located in Mesa Del Sol. There is a film studio, Albuquerque Studios, in the development and a cable movie channel, Reelz. The population of trained construction workers was also an attraction for film industry for set construction.

The solar energy industry was eager to move into Mesa Del Sol, but the result is similar to Devens. A solar panel construction firm moved to the new development early with extensive financial assistance from the government, but it was the first company to go out of business in the new development. The expanding city and desire for green energy was insufficient to offset the price competition from China.

Mesa Del Sol has been unsuccessful at recruiting healthcare companies. This may be linked to the current lack of population. The developer did not elaborate on why there were no healthcare companies in Mesa Del Sol, although he did admit to targeting them.

TRANSPORTATION

Mesa Del Sol is built directly adjacent to Interstate 70. This is the main interstate that runs through Albuquerque giving great access to the Albuquerque Sunport and Highways running East-West to California. The ease of getting to Mesa Del Sol is a major attraction, as is the proximity to Albuquerque.

INFRASTRUCTURE

Mesa Del Sol is working with the City of Albuquerque and private providers to install standard infrastructure to the development. This includes water, gas, roads, and electricity which businesses use. This process is similar in most developments. There have been some interesting findings in Mesa Del Sol. Some businesses need better infrastructure than the standard. Fidelity investments moved to Mesa Del Sol several years ago; they required redundant power and greater fiber capabilities. They helped to pay for the upgrades to the infrastructure. The improved infrastructure is a selling point for the rest of the development.

The company Nova Corporation is a defense contractor that specializes in mission critical data systems. They do extensive work for the Department of Defense and need power sources from two separate locations and other additional infrastructure. Although the data center will only bring 20-40 jobs to Mesa Del Sol it has brought a further upgrade to the power and fiber lines in the development. According to an article in the New Mexico Business Journal Nova also expects to expand its clients to other companies locating to Mesa Del Sol who will be in needs of cloud computing capabilities.
Chris Anderson, Vice President of Commercial Development of Mesa Del Sol for Forest City recommends putting extra fiber into culverts initially. The cost will be much lower up front then a retrofit will be in the future. He also recommends finding those companies whose special needs can be used as a selling point for other companies. Forest City is leasing extra fiber that it installed for tens of thousands of dollars per year, it is bonus money.

LOSS LEADER

At Mesa Del Sol there are many methods of attracting businesses to buy land and build. At Mesa Del Sol, Forest City appears to plan on giving away 10-20% of their land designated for businesses. They are charging $.25- $.50 per square foot of land plus $2-$3 for the infrastructure. This is a loss leader; that will create a short term loss, but a long term gain.

Figure 19: Price of Land Comparison

<table>
<thead>
<tr>
<th></th>
<th>Cost of Land Per Square Foot</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mesa Del Sol</td>
<td>$.25-.50 + Infrastructure</td>
</tr>
<tr>
<td>Rosemount Business Park</td>
<td>≈ $3.50 + Infrastructure</td>
</tr>
</tbody>
</table>

Source: Chris Anderson, Forest City and Kim Lindquist, City of Rosemount

They start out giving away land to make the other land more attractive. This is especially useful for large employers. The developer is more willing to give away land to a large employer because those employees will be more drawn to the residential land. One hope of using a loss leader is there will be more interest which in turn allows for greater choice amongst interested companies.

EDUCATION

The New Mexico College of Fine Arts Interdisciplinary Film and Digital Media is located in Mesa Del Sol. The program educates students on ways to integrate digital media into the fabric of New Mexico. Part of the mission of the college is to create a “Native New Mexican Hollywood.” The Aperature Center building where the college’s Mesa Del Sol campus is located is the major building in what will eventually be the town center for the development.

The University of New Mexico retains two large pieces of property within the Mesa Del Sol development. The larger location is in the far northwestern portion of the property, abuting the town center. There do not appear to be any plans for additional development at this time. It is possible to become a small satellite campus at some point in the future, but the main campus is within ten miles. The other location owned by the University of New Mexico is smaller and in the southwestern part of the development.

There are a number of community colleges and technical schools in Albuquerque, but there are none in Mesa Del Sol. There is not a particular school which works particularly closely with the developer or the businesses located there.
One of the first and most stable tenants has been The International School at Mesa Del Sol. This is a private elementary school which uses the International Baccalaureate Primary Years Programme. Students commute from Albuquerque.

ANALYSIS

The ongoing development at Mesa Del Sol provides some interesting information to examine in designing a future plan for UMore Park. The most important thing that Mesa Del Sol did successfully was to survive the economic downturn, while other planned communities failed. Mesa Del Sol made it through the economic downturn, but the long term viability of the development is still tenuous. The problem is the market is still nervous in Albuquerque. The developer is still very optimistic, but others are less sure. John Garcia from Albuquerque’s Department of Economic Development appreciates the risks that the developer is taking because there is a chance that they will not make their money back. Forest City is building speculative houses and office buildings for a market that doesn’t seem to need them. Any payoff is a long way down the road.

There has also been turnover in companies that moved to Mesa Del Sol. Companies moved there and are leaving. Most importantly Schott Solar is shutting down their business in the U.S. The large solar panel plant in Mesa Del Sol is going dark. The City of Albuquerque, including the Mayor, is actively going out prospecting to fill the building.

The two most important parts of Mesa Del Sol are the experience and capital of the developer and the location. Albuquerque is growing and there is good economic sense for the community to be located where it is. The developer of Mesa Del Sol brings experience from other communities and sufficient capital to smooth over many road blocks. Steve Ginsburg of The New Mexico Business Journal suggests that “Forest City has clout around the country.” The expertise and trust is especially important in a development which has experienced significant delays like Mesa Del Sol.
The general economic climate is the biggest threat to Mesa Del Sol. The Federal Government Sequestration cuts are expected to hurt the growth of Albuquerque. These cuts will reduce Federal spending until an agreement is set to reduce the federal deficit. According to the Fuller report from Aerospace Industries Association New Mexico is expected to lose 28,432 jobs. The bill isn’t more specific, but it will be clarified by September 1, 2012. Kirkland Air Force Base is a major employer in Southern Albuquerque. Any major cuts to Kirkland could have very detrimental effects to the economy.

The development is still very early in the development process. There are some important features that can be taken away from the process, but it is much too early to declare the project a success or failure. The land will fill and be developed eventually as the city expands because of the location. There is no doubt that eventually people will want to live and work there, but the developer and the University could lose if the timeline is too long.

Hard Rock Pavillion, Mesa Del Sol

Source: www.systemofadown.com
The Woodlands

BACKGROUND

The Woodlands is a much older and larger development than the other master planned communities examined in this report. It is also a great success as one of the best planned communities in the country. The project began in 1964 with construction starting in 1974. Since then the community has grown to 100,670 residents and hundreds of businesses. The developer is The Woodlands Corporation, and they have handled the development and governance of the community since it began. They track the largest businesses, those with over 100 employees. In 2012 there are 55 establishments with over 100 employees in The Woodlands. The independent school district and Anadarko Oil and Gas are the largest employers; 3,321 and 2,901 employees respectively.

The Woodlands was begun by George Mitchell, the extremely wealthy founder of Mitchell Energy. He was looking at real estate as a way to diversify the holdings of his company so that it would be better positioned to handle the fluctuations in the energy market. He bought large swaths of land north of Houston some of the land was logged. This provided some revenue, but ultimately the decision was made to develop the property into a planned community instead of selling it off parcel by parcel.

The Woodlands developed slowly over...
many years. There are still new buildings going up both residential and commercial. George Mitchell was an integral part of the project; his fingerprints are found throughout the development.

Some decisions were made which went against the prevailing wisdom in economic development. One example is the land that is currently the town center. Many developers would have developed this first because of the prime location next to the interstate. It was actually one of the last areas of The Woodlands to be developed. This took great restraint by the developer and owner.

The Woodlands have been developed over time in a step by step manner. The different areas were built village by village around a center of some kind. This made the first residents comfortable with living in a small setting, and took away the feeling that they were on the forefront of the massive development. There were business parks and office buildings throughout the development. The primary location for businesses is the Town Center.

The Woodlands has had success at bringing in large corporate companies. Today office space in the Woodlands is very expensive. It is comparable in price to some of the most expensive areas of nearby Houston. The Woodlands also has the tallest building between Houston and Fort Worth, 30-story Anadarko Tower. There is a second thirty story tower currently under construction.

The primary businesses that have moved to The Woodlands have been corporate headquarters, retail and service industries. There is almost no industrial base with one exception. There are two production facilities that produce oil drill bits, Halliburton and Howard Hughes. These are two of the four drill bit manufacturers in the world. There was an industrial park planned, but it was converted to residential because of market demand. Now the land has become prohibitively expensive for a manufacturer. Today most lots are ½-2 acres, with larger lots possible, but extremely expensive.

METHODOLOGY

Primary research was conducted by interviewing stakeholders especially those who bring business to the Woodlands. When interveiwing companies the focus was on those that recently moved to the Woodlands. Websites were the most common source for preliminary research.
Secondary research was done primarily from the book, *The Woodlands: the Inside Story of Creating a Better Hometown*. This is book chronicles the early history of The Woodlands by a member of The Woodlands Corporation executive team.

**CHARACTERISTICS**

There are more jobs in The Woodlands than there are households. There is now a sizable population that commutes to The Woodlands to work. The development is only a 40 minute drive from downtown Houston. The interstate between Houston and Dallas existed when the project began and was a major reason that the site was selected. The initial development was close to the international airport, but there was some difficulty in getting to the airport. The company had strong wishes for a connection, and so built a toll road to connect The Woodlands directly to George Bush International Airport in the 1990’s.

Roger Galatas, a longtime executive in The Woodlands Development Company said, “The Woodlands succeeded where many housing and urban development projects didn’t because they actually had a reason for being there. The Woodlands filled a need in the region.”

**DEVELOPER**

The developer is The Woodlands Development Company. Gil Stayley is the head of the South Montgomery County Woodlands Economic Development Partnership. According to him, the key to the entire success of The Woodlands is that it was all done by a single developer, including the commercial, retail and residential.

The executive team has mostly stayed the same for the entire duration of the development. The original architect, Robert Hieneman is still there after more than 40 years. This has provided continuity of vision and stability. The consistency is especially important because of the changes that have occurred in the ownership of The Woodlands. The Woodlands Development Company has also created a uniform plan over a huge area of property. They have been patient and waited to build in areas like the town center.

The developer was a wholly owned subsidiary of Mitchell Energy. This allowed them access to the money and borrowing potential of the much larger publically traded company. Access to capital is essential to building a master planned community especially on as large as The Woodlands.
Case Studies: UMore Park

Founder and Initial Owner of The Woodlands, George Mitchell

![Image](www.forbes.com)

OWNERSHIP

The issue of ownership is directly related to the developer. Through several changes in ownership especially recently there has been no change in the developer or the development plan. The initial ownership was Mitchell Energy and George Mitchell especially. He took a great deal of personal interest in the development and used his personal fortune to guarantee some of the riskier projects within the development. The idea of The Woodlands was to do more than just generate a profit. The mantra of The Woodlands came directly from George Mitchell, according to Roger Galatas, former executive with The Woodlands Development Company. It was and continues to be, “a real community where people could live, work, play, and learn.” With all pandering aside, the development was still expected to produce a profit, which it did.

Figure 22: Mantra of The Woodlands

A real community where people live, work, play and learn

Gil Stayley, the current head of the South Montgomery Development District, said, “All of the owners of The Woodlands have seen a good return from the project, while they owned it and upon selling.” The Woodlands was sold by Mitchell Energy in 1997 to Merill Lynch Investment Bank. They resold the development to The Howard Hughes Corporation who is the current owner. The Howard Hughes Corporation also has its corporate headquarters and primary production facility in The Woodlands.

POLITICS

The Woodlands is a development, but it is not a town or a city. It is unincorporated land in Montgomery County. The development would have taken a very different route if it had been part of an existing city. Originally the fact that the land was unincorporated allowed the development company free reign to set up the community however they chose.

George Mitchell had originally intended The Woodlands to be a part of Houston, so the city put it under extraterritorial advisement. As the Woodlands grew larger there was a desire remain separate, so a one sixteenth of a cent sales tax was put in place which goes to Houston.

The unincorporated nature of the Woodlands means that most city services are provided by the county. Police, firefighters, and roads are paid for and maintained by the county. This makes taxes lower in The Woodlands then they would be if land were incorporated into a city. There are sixteen independent
utility districts within the Woodlands. These are setup with the power to tax residents to pay for infrastructure for water. This creates uneven taxation in The Woodlands as the older areas have already paid off the capital costs of the independent utility districts.

The Woodlands are governed by covenants which were originally set by the Woodlands Development Corporation. The primary form of government is elected homeowners associations (HOA’s), and a board of directors who are elected at large by the population and have the authority to collect taxes. In order to change the covenants of the development requires a direct vote by the residents. The governance situation appears to be unique as there is no unincorporated area of this size elsewhere in the United States. There is a vote coming in 2014 where the citizens will vote on if they want to incorporate.

PERMITTING/COVENANTS

There is no need to get permits to set up a business in The Woodlands because it is unincorporated. As long as the business location and building plan is within the covenants there are no additional costs or processes. There are very strict covenants concerning many aspects of The Woodlands. This is to maintain the quality of life in the development. The quality of life is one of the main reasons that people and businesses chose to locate there. The Covenants have created an orderly growth in the community. There are covenants concerning all aspects of development including setbacks and destruction of existing vegetation. There are also no backlit signs allowed and no retail fronted on the roads.
Figure 23: Master Plan of The Woodlands

Source: www.thewoodlands.com
TAXES/TAX INCENTIVES

Texas does not have an income tax or a corporate tax which is different from many other states. The taxes are property and sales tax. In many other states the tax incentives that can be offered to businesses are breaks from the corporate income tax or similar tax credits. In The Woodlands there are breaks from property taxes. The decision on what businesses qualify for tax breaks is made by the county and the state. The factors which qualify a company for tax breaks have been determined. The county would defer the property taxes in order to get the company there and make up for it in greater sales tax receipts. Year 1-2 there would be no property taxes, but by year 10 they pay full taxes. The tax abatements are available for the companies which qualify.

There are cases where the South Montgomery Economic Development Partnership would like to offer incentives to a company, but the company does not qualify for tax abatements. When this happens they are usually able to offer training subsidies. The money often comes from workforce training grants from the federal or state governments. The Lone Star Corporate College provides specialized training for the employees of companies located there. The educational grant opportunities in The Woodlands are a draw to business just as the tax abatements are.

SPECULATIVE BUILDING

One of the first things built by the development company was the Woodlands Conference Center. The thought was that if mid-level managers to come to the Woodlands for conferences then companies will be more likely to come in the long run. It has paid off, but it took many years.

The Woodlands Development Company built all of the speculative office buildings in the Woodlands. The only way that
a company could build a building was if they planned to occupy it entirely. The Woodlands Corporation kept speculative office buildings in stock at great cost. The buildings were 40,000 to 100,000 square feet. They felt that they needed to keep some inventory available in order to show what was possible. This was an expensive and risky plan.

![Figure 25: Breakdown of Incomes in The Woodlands: 2011](image)

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME</th>
<th>THE WOODLANDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median $91,378</td>
<td>12%</td>
</tr>
<tr>
<td>Under $25,000</td>
<td>12%</td>
</tr>
<tr>
<td>$25 - $34,999</td>
<td>6%</td>
</tr>
<tr>
<td>$35 - $49,999</td>
<td>11%</td>
</tr>
<tr>
<td>$50 - $74,999</td>
<td>13%</td>
</tr>
<tr>
<td>$75 - $99,999</td>
<td>12%</td>
</tr>
<tr>
<td>$100 - $149,999</td>
<td>17%</td>
</tr>
<tr>
<td>$150 - $199,999</td>
<td>11%</td>
</tr>
<tr>
<td>$200,000-Plus</td>
<td>18%</td>
</tr>
</tbody>
</table>

Source: The Woodlands, Texas Demographics; The Woodlands Development Company, January 1, 2012

QUALITY JOBS

The businesses in The Woodlands provide high paying jobs. The median household income in The Woodlands is $91,378; significantly higher that the Houston area with median household income of $58,862. The Woodlands has created a great number of high paying quality jobs. These are the definition of traded jobs even when they are headquarters jobs for a retailer.

There are some problems with the jobs in The Woodlands. Many of the people who work in the corporate headquarters were hired from elsewhere or transfer to The Woodlands from another part of the company. This creates a high turnover of the residents in the community and low demand for hiring from the pool of existing residents. The housing market is very active because of this turnover, but has an effect on the community atmosphere. The turnover of employees in corporate jobs was an unintended consequence of the types of businesses that were attracted to The Woodlands. Gil Stayley said, “I wish we had more manufacturers that provided stable employment for the same people over decades.”

MARKETING THE QUALITY OF LIFE

One of the major draws for business is the quality of life that people have in The Woodlands. Companies want to have the amenities that are available in the Woodlands such as the hospitals and top notch golf courses. This offsets the high cost of doing business. There is a wide range of housing available; from executive housing that sells for millions to smaller less expensive houses. All levels of employees are able to afford to live in The Woodlands.

When companies come to visit The Woodlands to consider a move there this is how the process is described by the Woodlands Development Corporation:
Tour Process for Companies Considering a Move to The Woodlands

“Quality of life is the draw. Office buildings are almost the same everywhere. On a tour of Woodlands he will show them good shopping, office properties, speculative buildings and built-to-suit buildings. We show housing price ranges and the school. Show them the hospitals and the golf courses if that interests them. We sell The Woodlands as a place where they want to work and live.”

Source: Gil Stayley, Chief Operating Officer of South Montgomery County Woodlands Economic Partnership; July 2, 2012

Golf was one of the ways that The Woodlands advertised themselves. They hosted the Houston Open, a PGA tour stop for 30 years; this in addition to first print and later digital advertising was how the Woodlands got their name out. The golf tournament is thought to be a contributing factor to attracting businesses. It was an opportunity for businesses in the Woodlands to advertise to possible clients and a chance for the developer to show who was already located in the development.

TOWN CENTER

The town center is the economic heart of The Woodlands, but it was one of the last areas to be developed. This is a great reason for the success of the development in the prime location along Interstate-45. Right now there is almost one million square feet of office space under construction in the town center. A sign reading “Woodlands Mall Coming Soon!” was placed along the interstate in the developments early phases. The sign was there so long that it had to be repainted several times. The town center is a prime example of the long term planning and patience that the Woodlands Development Corporation used in its development. The town center is a great asset because of the taxes in Texas as a large part of the infrastructure and other costs in The Woodlands is paid for by sales taxes from people coming to do business or shop.

TRANSPORTATION

The development is built along Interstate 45 which connects Houston and Dallas-Ft. Worth. The location is key for people coming and going to The Woodlands. The George Bush International Airport is very close and is accessible by the toll road directly from The Woodlands. Many people who fly to the airport
come directly to the development and completely bypass Houston. There are extensive covenants about where heavy trucking is allowed in The Woodlands, but they are largely irrelevant because of the businesses that operate there.

The Woodlands is designed to minimize traffic. It is difficult to pass through because of the road design. This makes the development a destination and not a stop. That was a goal of the developer, and reduces the feeling of urban sprawl.

EDUCATION

Education is an important draw in The Woodlands. It contributes heavily to the quality of life found in the development. There is a branch of the Long Horn Corporate College in The Woodlands. The college provides specialized training and courses to some of the companies that locate in the development. Sometimes the courses offered by Long Horn will be used as an incentive to bring companies to The Woodlands when it is not possible to offer them tax incentives.

A branch of the Houston Community College is in The Woodlands and offers two year associates degrees. An interesting option for further higher education that when a student finishes community college after two years they can then continue to attend classes in The Woodlands location. The classes are offered by a number of the top four year institutions in that state. After an additional two years of study students can graduate with degrees from the University of Texas or Texas A&M; all without leaving The Woodlands Township.

There are excellent elementary, middle and high schools. This is very important because of the level of employees that are moving to The Woodlands to take corporate jobs. The Conroe Independent School District and the Tombell Independent School District cover the development without the need for a town or city government to administrate.

ENVIRONMENT

The environment played an extensive role in the development of The Woodlands. One of the purposes of the development was to avoid traditional urban sprawl. The Woodlands is designed to have a natural feel. There are many parks and walking trails in the master plan. Large areas of The Woodlands have been set aside as preservation. Roger Galatas said, “There were no environmental problems in 1974, but there were also no regulations. The Woodlands went well beyond regulations.”
ANALYSIS

The Woodlands has experienced success for a number of reasons, but everything has come to create a strong and vibrant community. The quality of life is one of the main draws for corporate businesses to move to The Woodlands, but it is only one quality. The ease with which people can get to The Woodlands from Houston or George Bush International Airport is an important quality for the development because there are more people who can experience the lifestyle. Companies that are considering the development need to make sure that their businesses will experience success after locating in The Woodlands. This requires that they consider the cost of land, utilities, and tax incentives among other factors. A corporate move cannot happen solely because the head of the company wants it to happen, there needs to be a sustainable economic reason for the move.

The most recent major company to move to The Woodlands is Waste Connections. This is a publically traded company (NASDAQ: WCNX) with a market capitalization value of 3.69 billion. They moved from California to The Woodlands In December 2011. The Chief Financial Officer of Waste Connections, Worthing Jackman, listed the reasons the company decided to move from Folsom, CA to The Woodlands:

- Business friendly state.
- Ability to recruit new employees into the state.
- Attractive labor pool.
- Two major airports for ease of travel.
- Diverse range of housing prices all within 15 minutes from office.
- Lower cost of living.
- Better schools and amenities.
- Restaurants, shopping and hotels within walking distance of office.
- Strict zoning requirements for both residential and commercial.

The Woodlands is a special development because it has some unique aspects that are very difficult to replicate. The fact that The Woodlands is unincorporated is a product of the politics that have surrounded its inception. The power that the developer is able to exert over the developer for the past 38 years is a major reason for the success. The Woodlands Development Corporation is also given enormous flexibility to put covenants in place that keep their long-term vision of the development intact without a lot of interference from elected officials. The long term plan for The Woodlands is not related to the turnover of elected officials as many other places are.
Source: www.woodlandscenter.org
Tejon Ranch

BACKGROUND

Tejon Ranch is a massive landholding and working Ranch in south central California. At 270,000 acres it is the largest continuous landholding in California. Most of the property is a working ranch, but there are three parts that have been sectioned off for additional development. There are two housing developments and a commerce center. The entire property is owned and administered by the Tejon Ranch Company (NYSE: TRC) a publically traded company with a market capitalization of 546.76 million dollars.

The housing developments plan to have around 20,000 people living in them, but they are far from completion. The commerce center is entirely separate from any housing development or ranching. The commerce center is the only part of Tejon Ranch that was examined for this report.

The reason that the Tejon Ranch Commerce Center exists is because of its location it is attractive to logistics companies. The Commerce Center is directly along the interstate and it is possible to get to nearly anywhere in California by truck within 4 hours. There is easy access to the major ports in Los Angeles and Oakland, an important feature for companies importing from Asia.

The Tejon Ranch Commerce Center was designed to be separate from residential housing. Many logistics companies need to work 24 hours a day and this can be noisy. There is also a desire to put manufacturing at the location, although that hasn’t happened yet.

The first big tenant in the Tejon Ranch Commerce Center was IKEA. They have a 1,740,685 square foot distribution and logistics center on 81 acres of land. Since IKEA there have been several other large companies that have moved to the development such as Famous Footwear, Dollar General and Caterpillar. There is a Best Western Hotel in the commerce center for people that are passing through. The development is far from complete and far from full. There is active prospecting happening for more companies and there are some plans for a retail outlet mall. The location is the most important aspect and that is best displayed with maps so there follow several additional maps.
Figure 27: Regional Location of Tejon Ranch between Bakersfield and Los Angeles

Source: www.tejonranch.com
Figure 28: Location of the Tejon Ranch Commerce Center within the entire Tejon Ranch

Source: www.tejonranch.com
METHODOLOGY

Primary research was conducted by interviewing. Geof Syphers is a consultant for Tejon Ranch and Kern County Economic Development. News coverage was another useful source for primary information, especially the Bakersfield Californian.

The Tejon Ranch Development itself has not been forthcoming with information. Members of The Commerce Center development team have been working on a new tenant during the time that the research for this report was happening. They were unable to be interviewed.

The companies which have located at Tejon Ranch have fixed corporate structures located outside of California. This has limited the information they are willing to share.

DEVELOPER

The Tejon Ranch Commerce Center Development is being carried out by the Tejon Ranch Company and the Rockefeller Group. The development of the project is less transparent than other projects of similar stature.

PERMITTING

Tejon Ranch is using form based codes. There are codes that usually require less time to go through the permitting process because most of the work is done before anybody wants to move. The code specifies exactly what types of buildings can go in certain places. This code does not require extensive investigation if the design is within the parameters. The code does not specify what must be located in a building, but there are limits on size, depth of frontage, building styles and many other details. The development is split into “Transect Zones”:

Figure 29: Definition of Transect in Permitting

The term “Transect” is used in mixed-use planned developments to define zones in which a wide variety of uses may occur, but which have distinctly different levels of density, lighting, noise and development regulation.

Source: Article XV.A Sonoma Mountain Village Planned Development Zoning District
Once the plans are in place there is very little ability to change. The flexibility is within the plans. Tejon Ranch’s permitting process is made easier because the location is neither within a town nor near one. The building must be approved by the county and the developer. Both are more focused on building and bringing in new tenants.

TRANSPORTATION

Transportation is the biggest advantage for Tejon Ranch. It is the reason that the Commerce Center exists in the first place. The location is right on Interstate 5 which runs North-South the entire length of California. The location allows Tejon Ranch to compete with its largest competitor which is the Inland Empire of Southern California. The main difficulty, according to Malinda Brown of the Kern Economic Development Corporation, is convincing companies that Tejon Ranch is worth the extra drive. It is about fifteen miles further than locations in the Inland Empire, but is free of Los Angeles City traffic and there is a time savings.

There are also advantages with trucking because of the distance. When containers are imported they can be loaded directly onto trucks and go through customs at Tejon because the development is a foreign trade zone. This saves truckers from the congestion at the Port of Los Angeles and increases turnaround time.

The location is ideal for distribution centers that serve all western states. There is a Target distribution center in the Northern part of the county. This is because there are a number of Target distribution centers around and the one in Kern County needed to be closer to the stores that it serviced. Tejon Ranch’s location is not ideal for companies with many distribution centers. IKEA does not have another distribution center in the Western U.S. The Tejon Ranch location is well placed to send goods to stores in all the western states. For this type of transportation Tejon Ranch is a premier location.

Source: http://www.apalachee-minerals.com
A worker at the Famous Footwear Distribution Center in Tejon Ranch

EDUCATION

Education does not play a major role at Tejon Ranch. There are no schools nearby and the types of jobs currently present do not require a high level of training. The jobs are mostly manual labor in a warehouse setting. There are an abundance of Universities in Los Angeles and a number of colleges in Bakersfield. None are specifically related to the Tejon Ranch Commerce Center.

WORKERS

The workers in Tejon Ranch Commerce Center are cheaper than those in southern California. Tejon Ranch reports the difference to be $0.45-$1.30 per hour for distribution warehousing jobs. This is a distinct advantage over Los Angeles. Lower wages in the Tejon Ranch Commerce Center may be due to the higher unemployment rate in Kern County. The major area that Tejon Ranch is competing with is the Inland Empire, the area East of Los Angeles made up of San Bernardino and Riverside Counties.

Figure 31: Unemployment Rate Kern County vs. The Inland Empire

Unemployment Rate Kern County vs. The Inland Empire

Source: www.bakersfieldcalifornian.com

Source: Bureau of Labor Statistics
Most of the workers have long commutes to work in The Commerce Center since many come from Bakersfield or Northern Los Angeles. They county and the developer both credit the workers in Kern County to be harder working than the workers in Los Angeles. This is something that often comes up in comparing locations with more rural workers; the other advantage may be immigrant workers. Melinda Brown of Kern County spoke of the better work ethic, but was unable to give a specific example or quantify it.

ECONOMIC INCENTIVES

Tejon Ranch Commerce Center is a foreign trade zone. This means that trucks can bring items directly from the port of Los Angeles and pay duties only when the goods leave The Commerce Center. Even though the goods arrive by ship in Los Angeles, the local airport has customs which act as the port of entry.

Economic incentives vary based on the life stage of the company. New start-up companies have less of a need for tax breaks because they are probably losing money from upfront costs. Tejon Ranch is bringing in established companies who are located elsewhere so corporate tax breaks are not a huge incentive.

ENVIRONMENT

There are no environmental issues with the site right now since it is a Greenfield site. Tejon Ranch is exerting a lot of care on behalf of environmental protection. 240,000 acres of the Tejon Ranch holdings has been protected from development in perpetuity. Environmental standards for building construction are more stringent in California than almost anywhere in the county. The construction at The Commerce Center meets or exceeds all of these regulations.

LAND AVAILABILITY

There is a lot of land available in Tejon Ranch. Some of it is prebuilt, but most remain just plans. There will need to be some significant construction for The Commerce Center to be full. Most of the land is intended to be warehouses for distribution. There are currently two building which are complete and looking for tenants. These are the 1.2 million
square foot buildings 18 and 19 and the newly constructed four building campus at 11. These are being actively marketed by brokers who have partnered with the development. There is also marketing which the county is doing in order to entice companies to move to Tejon. The other properties are available so companies can purchase and construct their own buildings.

COMMUNITY

There is currently no housing built in Tejon Ranch but there are plans for two housing developments to go into place. The beginning to these developments is still 7-10 years away according to Geof Syphers of Syphers Consulting who is working on the project. The project is to be two separate self-sustaining developments. They are only slightly further along in the planning process than UMore Park. The developments are being designed intentionally far from the Commerce Center.

The Commerce Center was built far from housing to allow for 24-hour operation of businesses located there with fewer noise restrictions, especially at night. There are no special regulations for heavy trucking in place within the development because there is nobody to interfere with. There is a hotel on site that caters to travelers who are passing through, highlighting that this is not a destination, but a stopover.

There are initial plans in place for an outlet mall. This would be a large investment and make the Commerce Center a destination for people to come to. There are currently some restraints on site for travelers.

ANALYSIS

The most important part of the Tejon Ranch Commerce Center by far is its location. Since the location was successful, the developer has done well with making other decisions. The Tejon Ranch site still has significant area to fill, but it is well situated to fill it. A huge question for Tejon Ranch is if it will be able to attract manufacturing. This would be another source of stable employment and land use.

The lower wages and free trade district together make The Tejon Ranch Commerce Center an attractive place to be. The developer could make strides in transparency. They make more use of brokers than other developments which may suggest a better relationship with site selectors. This is good when bringing in large corporate companies. There is no move to bring in smaller companies or entrepreneurial enterprises. This may be somewhat harmful in the long run. The Tejon Ranch Commerce Center is still very new, but it looks to have long term success especially because of the location.
Conclusion

The four case studies examined in this report are different from UMore Park, but there is something to be learned from all of them. UMore Park cannot follow the same path as Devens, Mesa Del Sol, The Woodlands, or Tejon Ranch. UMore Park needs to find its own way to bring strong, stable, long term employers to the development.

Devens stands out from the rest of Massachusetts by being much more efficient for businesses. It is better than all the locations nearby and it is well designed and thought out. The political support that Devens receives from the state is indispensable. The unique situation with the quasi-state run MassDevelopment is a huge component of the development. Devens appears primed to experience long term stability and growth.

Mesa Del Sol is not the success story that the other developments are. There is much to admire about the design and vision for this development. The development has been endangered by market conditions beyond the control of the developer or the city. The developer Forest City Covington is the reason that this development still exists.

The Woodlands is not a new development, but it has been a long term success. The strong vision and planning can be evaluated because of the age of the project. Many ideas, such as industrial development were planned and then changed because of the needs of the growing community. Some long term plans were born out to the benefit of the community, such as building golf courses throughout to center communities and establish the standard of living in the township. The Woodlands will continue to be a stable community because of the solid foundation it is built upon.

Tejon Ranch is very new. The development is designed to fill a very specific need for companies; a distribution base for companies to access the eleven Western States. The development is well suited to do this and fulfill the needs of interstate travelers. The development is still new and it is unclear if there is sufficient demand for this niche to fill it in the long run.

The important factors fall into three categories. The development should be easy, inexpensive, and accessible for businesses to move to. UMore Park can replicate many of the actions of the other communities in these three areas.

The following list gives a brief synopsis of good practices. This is followed by an idea or a first step for UMore Park. Some of these may already be in place.

- **EASY**
  - **Information Collection**
    The first step for companies selecting a new site is collecting information. This usually happens before contact is made between the candidate company and the community. The communities have dedicated websites that present the community as a standalone entity, separate from the developer or owner. Information on resources, plan, location, and other data can be displayed and allow for quick decisions.
Case Studies: UMore Park

UMore Park: Separate the UMore Park Website from the University of Minnesota and make the site easy to navigate. Priority display for basic data like employment numbers, available land, costs of utilities, and others. Keep the information current.

- **Contacting**
  Businesses need to have an open dialogue with the development or community where they are considering locating. The different developments used different methods to be accessible, but the key was that companies could easily access the contacts that they needed. Contact includes the developer, but it expands to include any governmental agency that is needed. The community can be very helpful when it has a relationship with the outside contacts and makes the introductions easily.

UMore Park: Readily share contacts at city, township and state levels. Make introductions for interested parties quickly and smoothly.

- **Permitting**
  Ease of permitting came up time and time again as an area where ease was essential. It is important that the developer has some control over what is built where, but it is just as important that this process does not interfere with the business. Permitting needs to be completed as quickly as possible. The permitting process should be transparent and quick. The fewer surprises in the process the more likely that companies will be interested in the final outcome.

UMore Park: Have a permitting plan in place early. Try to avoid long drawn out permitting process. A unified system through a single office or some type of form based code may be optimal.

- **Integration**
  Integration should be easy. It is important that once a business locates in a development it can easily become part of the community. Large businesses can be major employers and supporter within a community, so it is important that they are involved. Involvement may be including the business in future community planning or local government. Companies can become stronger parts of the community when they are involved with activities such as sponsoring local events or sports teams.

UMore Park: Involve companies in the fabric of the community even before a move is decided on. Invite them to participate in local events such as Leprechaun Days in Rosemount. Invite companies that are considering a move to UMore Park to connect with the businesses in the Rosemount Business Park.

- **Quality of Life**
  Companies do not locate in a particular location for business reasons alone. The employees have to live somewhere and their children must attend schools. They desire recreation and shopping. These are aspects of a development which are both difficult to quantify and extremely important.

UMore Park: Demonstrate that people who work in UMore Park will have a better life than if a company locates elsewhere. These are intangibles that can be the difference for some companies in decision making. Focus on providing good quality of life.
throughout the planning process with recreational, educational, and healthcare opportunities.

- VALUABLE
  - **Land**
    The land that companies will occupy should be very inexpensive initially. Having employers on site will increase the value of the surrounding land. Nearby land for housing will become especially valuable. Some developments have given away land; others have sold it very cheaply to large initial comers. 
    *UMore Park*: Give away land for free or reduced to the first comers, but charge for the cost of the infrastructure installed. This will keep it from being a net loss. The first companies to come will give credibility to the development which will make others want to move there. It is also possible to charge companies if they are using infrastructure such as fiber optics that is not a standard.

  - **Wages**
    Developments are more attractive when the prevailing wages are lower than the nearest metropolitan area. Wage levels are easily quantified. In addition harder working employees can save companies payroll expenses. Work ethic is harder to measure or explain, although communities in rural settings have pointed to better work ethics than in cities. Employers have agreed.
    *UMore Park*: Figure out what the average pay for employees in Rosemount and if other companies, such as Proto Labs, have noticed any advantages over employees in the city. Make the information very public, so that companies know that there is the possibility for long term savings.

  - **Infrastructure**
    It will be important for companies to have access to sound infrastructure. Some companies need extra or redundant infrastructure. It is much less expensive to install this infrastructure in the beginning of the development than at the end. Companies who need special electricity, cable, or water will expect that they will have to retrofit the site. If the infrastructure is already in place then the site is much more valuable to them. The cost is much smaller up front if the developer is able to afford it.
    *UMore Park*: When the first infrastructure is being installed put in extra capacity. The cost is marginal. If the City or County is doing it offer to augment the price. If the method used is a TID, then the additional tax savings will reduce future earnings.

  - **Taxes**
    Taxes are a cost to businesses and many developments have process in place to defer or reduce them. Tax incentives can come from the city, the county, the state, or federal governments. It is important that tax incentives are not the reason that the business is able to sustain itself. Government subsidies should be used to assist the business, but it is important that businesses are able to exist on their own.
    *UMore Park*: According to the Dakota County Comprehensive Annual Report in 2010, “Dakota County maintains the lowest property tax rate in the State of Minnesota.” This should be advertised in conjunction with UMore Park, and checked yearly for accuracy.
It would also be useful to put into place a reference on what tax incentives are available as well as what federal or state grants may be used to augment them.

- **Duties**
  Free Trade Zones are a way of reducing the cost for companies which import from abroad. Free Trade Zones are a long term solution. There is a port authority at Minneapolis-St. Paul International Airport which is able to act as a hub. Current imports from Canada to Minnesota are $5.8 billion (according to the Canadian Consulate in Minneapolis) and $1.26 billion directly from Mexico (according to the Mexican Consulate in St. Paul). If duties to UMore Park were reduced it may become more attractive to foreign companies.

  **UMore Park:** Get a portion of the UMore Park property designated as a Foreign Trade Zone. Thus is a long process, but it could set the development apart from other locations in the state. The main item to trade with Canada is petroleum, so Flint Hills Refinery may be a valuable partner.

- **ACCESSIBLE**
  - **Transportation**
    People need to be able to get to and from the site in order live and work there. Transportation ease includes speed of highways to downtown areas or other cities and ease of access to highways from the development. Airports are important in today’s business and getting from the development to the airport must be easy and traffic free in order to be a selling point for the community. Some businesses need special transportation such as railroad or barge access. The capabilities of the site must be known so that the companies can make accurate decisions. If possible information on the cost and process of expanding transportation to or from the site can be very helpful.

    **UMore Park:** Research upgrades the Minnesota Highway 52 exits to UMore Park to handle the greater traffic from the development. Find the transportation advantages of UMore Park and look for businesses that would best utilize them. Possibly a manufacturer of medical supplies that values the proximity to city hospitals and the Mayo clinic.

  - **Site Selectors**
    Large companies do not prospect for new locations themselves. Instead they use site selectors. It is useful to be connected with these people who actually whittle down the number of possible locations. This can be including different site selection companies in the plans and news of the development.

    **UMore Park:** It is also useful to have a quick package prepared for site selectors with general information. This should not include a video.

  - **Building types**
    Some businesses need specific buildings while others need are more generic. Speculative buildings can make the move to a new development easy for businesses that need that type of construction. It can be very risky to build too much speculatively as other companies have very specific need which require built to suit construction.

    **UMore Park:** Try to gauge the type of facility that companies will want, but try to keep
some office space or warehousing available. It can work like a model home or be a draw for companies.

- **Lot size**
  Parcel size should have some flexibility. Some companies need large plots of land for the company or for abetments because of noise or dust. Other companies may desire to buy large areas of land so that they are able to expand as the business grows.

  *UMore Park: Do not set up parcels of particular sizes at the beginning of the development, instead offer companies to build on the size that they need. This can be very attractive for companies that want to build to suit.*

- **Housing**
  Housing is a draw for companies that are transplanting. Housing needs to be nearby and established. Variety of housing is also recognized as important by businesses. Company executives and employees want to be able to access many levels of housing opportunities.

  *UMore Park: Plan for a variety of housing. Also include nearby housing stock outside of UMore Park when showing housing options to businesses.*

There is no magic formula to building a successful master planned development. The needs of businesses are always changing, as the types of businesses change. There is a lack of transparency in big businesses. They do not announce that they are looking, nor do they say exactly what they are looking for. UMore Park needs to be prepared for anything or more likely nothing.

The most important factor is timing the market, something that is very difficult. The development is most likely to experience success if it becomes viable as the market is growing. UMore Park is several years from being prepared so it is difficult to know when to start. The market is more important for housing development than business development because businesses often make commitments further in advance.

There are some factors which stand out as playing a major role in the success of a development especially with regard to its ability to attract businesses. UMore Park has a long road to go before bringing businesses. It will not be easy, but every step in the planning process should be associated with bringing jobs and income to the property.
Sources

INTERVIEWS/CONVERSATIONS

DEVENS

Organized alphabetically by company

- Doug Long, CEO and Son of Founder
  Integra Companies,
  29 Saratoga Boulevard,
  Devens, MA 01434
  800.958.2521
  The company makes water purifying processes for medical purposes. They are located in Devens. The company made the initial move for bond reasons, but they continue to enjoy the location because of the concentration of pharmaceutical companies.

- Hiroko Sato
  The Lowell Sun
  (978) 970-4776
  Hiroko is a reporter who covered the opening of the new movie studio in Devens. He is an outsider and focused on the movie studio being out of character for the development and the financial incentives that they received.

- Mark Sternman
  VP Communication and Policy
  160 Federal Street
  Boston, MA 02110
  (617) 330-2034
  msternman@massdevelopment.com
  Mark Sternman came to Minneapolis. He is currently involved in Devens for the developer. He is very proud of the development. The developer is very serious about being unbiased and existing for the benefit of the state.

- Meg Delorier
  MassDevelopment Chief of Staff
  160 Federal Street
  Boston, MA 02110
  Very involved in the initial proposal for the Bristol-Myers Squibb contract. She only had perspective on part of the process because of the wide variety of people involved in the process. She is very proud of the progress of Devens.

- Joan Pena, President
  MediaPower, Inc.
  Suite 202
  94 Jackson Rd.
  Devens, MA 01432
Joan has run her Media company in Devens for eleven years. She is proud of the development and earnest to share its successes. She offered insight into the cool factor of Devens. She is on a MassDevelopment advisory board.

- **Melissa**
  Nachoba Valley Chamber of Commerce  
  100 Sherman Ave., Devens, MA 01434  
  (978) 772-6976  
  View from an outsider because all development goes through MassDevelopment. This chamber of commerce actually includes Devens, but they are not especially involved in the development. She is very impressed with Devens especially in comparison to the surrounding area where they operate the most.

- **NB Kenney Co**
  68 Barnum Road, Devens, MA 01434  
  978-849-5200  
  NB Kenney Co is an engineering firm that is located in Devens. They moved from Cambridge. Very short on the phone: Land availability was the major draw for the company.

- **Steve Grillo**
  Odic Incorporated  
  37 MacArthur Ave., Devens, MA 01434  
  Phone: (978) 487-1210  
  Fax: (978) 487-1510  
  Email: info@odic.com  
  Steve Grillo, Vice President-founder of the medical supply company. He focused on the campus like atmosphere in Devens. The building as a big draw and spoke highly of MassDevelopment. They do not do business with other companies in Devens, so the Business cluster wasn’t important.

- **Sue Ryerson**
  45 Saratoga Blvd., Devens, MA 01434  
  978-784-2800  
  Ryerson is makes piping and other steel products. She is not high up, but offered some insight on her perception of Devens and why Ryerson located there. She had opinions on quality of life and importance of trucking design. She likes Devens because there are always things happening.

**MESA DEL SOL**

Organized alphabetically by company

- **Steve Ginsburg**
  Albuquerque Business Journal  
  sginsberg@bizjournals.com  
  He has written several articles about the project. He is impressed with the quality of Forest City, but he has serious doubts because of the upcoming sequestrations.
• Chris Anderson  
  Forest City  
  505-452-2600  
  Chrisanderson@forestcity.net  
  He is VP Commercial Development Mesa Del Sol and the primary developer for Forest City. He is responsible for the economic development, but he also works as an advisor for other projects. He was describing Mesa Del Sol, but also trying to sell his services. He is very optimistic about the development.

• Emerik Corsi  
  Executive Vice President of Business Development  
  Forest City  
  (216) 496-6149  
  He does consulting on developments where Forest City does not become the main developer. He advises for a different branch of Forest City, and is interested in being a consultant for UMore Park.

• John Garcia  
  Office of Economic Development, Albuquerque  
  (505) 768-3270  
  jag@cabq.gov  
  He is the director of the Office of Economic development. He is much more pessimistic about the future of the development. He appreciates the risk that the developer is taking. He is worried about filling the space in Mesa Del Sol that is being vacated by Schott Solar.

• Nancy  
  Mesa Del Sol Info Center  
  (505) 508-00221  
  She gives information about the development. She was ecstatic that people were finally moving in. She gave background on the development as a whole.

• Tom Neale  
  Real Estate University of New Mexico  
  (505) 277 4637  
  tneale@unm.edu  
  He is Associate Director Real Estate Office and outlined the ongoing relationship with the University which is primarily financial at this time. He focused on the long term ownership of plots within the development, but says the university has no plan to develop them right now.
THE WOODLANDS
Organized alphabetically by company

- Roger Galatas
  Roger Galatas Interests
  2441 High Timbers, Suite 425
  The Woodlands, TX 77380
  (281) 367-6283
  info@rgiwoodlands.com
  He was previously a member of the Development of the Woodlands. He is very proud of the development and has some association with current administration of the Woodlands.

- Gil Stayle
  South Montgomery County Woodlands Economic Development Partnership
  (281) 363-8135
  gil.stayley@edpartnersip.net
  He is the head of the economic partnership, and he is responsible for the actual recruitment of companies to The Woodlands. He described the process for bringing in companies. He also had good insight into the development process and the attraction.

- Discussion with Worthing Jackman
  Executive Financial Officer and CFO
  Waste Connections
  WorthingJ@wasteconnections.com
  He is responsible for bringing Waste Connections to The Woodlands over the past few months. Waste Connections has almost 6,000 employees nationwide and moved from California.

TEJON RANCH

- Melinda Brown
  Kern Economic Development Corporation
  2700 M Street, Suite 200
  Bakersfield, CA 93301
  (661) 862-5058
  She is the marketer for parcels of land in the Kern County. She described how companies select the county and locations there in.

- Geof Syphers
  Syphers Consulting
  (707) 328-4728
  He went in depth into some of the methods being used. The focus was on green energy and zoning. He is more focused on the housing than the commerce center.
Case Studies: UMore Park

Martin Kohn
Summer 2012

PUBLICATIONS

DEVENS


Profit and Economic Contributions of Businesses and Organizations located in Devens, Massachusetts. University of Massachusetts: Donahue Institute, June 2012.


MESA DEL SOL

Kelly, Emily and Vankat, Drew. Collaborative Planning on State Trust Lands: A University of Michigan Study for the State Trust Lands Partnership Project of the Sonoran Institute and the Lincoln Institute of Land Policy. The University of Michigan School of Natural Resources and Environment, 2006.


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Daysog, Rick and Kasler, Dale; Folsom-based Waste Connections to move headquarters to Texas. Sacramento Bee, December 13, 2011.

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OTHER

Burns, Katie. The Site Selectors Speak Their Minds: A panel of Site Selectors Offer Candid Answers to IEDC Conference Attendee Questions. IEDC (International Economic Development Council)

Canada’s Trade Relationship with Minnesota. Canadian Embassy, Washington DC; 2010.


IMPORTANT WEBSITES

DEVENS

Bristol-Myers Squibb Corporate website: http://bms.com


Development homepage: http://www.devenscommunity.com

Devens Enterprise Commission: http://www.devensec.com

Evergreen Solar Website with press releases: http://evergreensolar.com

Gillette: http://www.gillette.com


International Trade Agency: http://www.trade.gov/ia

MassDevelopment homepage: http://www.massdevelopment.com

Media Power Incorporated: http://www.mediapowerinc.com

Odic Engineering: http://www.odic.com

Ryerson Steel: http://www.ryerson.com

MESA DEL SOL

Covington homepage: http://www.covingtoncapital.com

Development homepage: http://www.mesadelsolnm.com

Fidelity Investments: http://www.fidelity.com

Forest City homepage: http://www.forestcity.com
Hard Rock Concert Venue Website: http://www.livenation.com

Internet Movie Data Base: http://www.imdb.com

Nova Corporation: http://www.nova-corp.com

Pulte Homes: http://www.pulte.com

Rachel Mathew Homes: http://www.rachelmathewhomes.com

RayLee Homes: http://www.rayleehomes.com

Reelz Movie Channel: http://www.reelz.com


The International School at Mesa Del Sol: http://www.tisnm.org

The New Mexico College of Fine Arts; Interdisciplinary Film and Digital Media: http://finearts.unm.edu/ifdm.htm

University of New Mexico: http://www.unm.edu

THE WOODLANDS

Anadrako Petroleum Company: http://www.anadarko.com

AON plc.: http://www.aon.com

Cynthia Woods Mitchell Pavilion Official Website: http://www.woodlandscenter.org

Development Homepage: http://www.thewoodlands.com

Halliburton: http://www.halliburton.com

Houston Open: http://www.shellhoustonopen.com; http://www.pgatour.com

Howard Hughes Corporation: http://www.howardhughes.com

Lone Star Corporate College: http://www.lonestar.edu/corporatecollege


The Woodlands Mall: http://www.thewoodlandsmall.com

Township homepage: http://www.thewoodlandstownship-tx.gov
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Waste Connections Incorporated Official Website: http://www.wasteconnections.com

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Developer webpage: http://www.tejonranch.com

Development webpage: http://www.tejoncommerce.com

Kern County Economic Development homepage: http://www.kedc.com

IKEA Official Website: http://www.ikea.com

Famous Footwear Discount Shoes: http://www.famousfootwear.com

Caterpillar: http://www.cat.com

Caterpillar Logistics: http://www.logistics.cat.com

Syphers Consulting for sustainable neighborhoods: http://www.syphersconsulting.com

Dollar General: http://www.dollargeneral.com

UMORE PARK

UMore Park official webpage http://www.umorepark.umn.edu